

Message Text

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PAGE 01 BONN 09928 01 OF 02 141225Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05
SS-15 STR-04 CEA-01 L-03 H-01 DIWY-01 PA-01
PRS-01 /101 W
-----141238Z 061995 /45

R 141212Z JUN 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 9028
INFO AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART
USMISSION USBERLIN
AMEMBASSY BRUSSELS
AMEMBASSY PARIS
USMISSION GENEVA
AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY ROME

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 09928

USEEC, USOECD ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: GOVERNMENT APPROVES NEW MANPOWER PROGRAM

REF: (A) BONN 08004; (B) BONN 08276; (C) BONN 09060

SUMMARY: THE FRG CABINET HAS APPROVED A NEW MANPOWER
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PAGE 02 BONN 09928 01 OF 02 141225Z

PROGRAM AIMED AT PROVIDING 20,000 JOBS TO LONG-TERM
UNEMPLOYED AND ALLOCATED DM 600 MILLION TO THE TASK.
THE EFFORT WAS TAKEN TO COMBAT THE HIGH
UNEMPLOYMENT (4.1 PERCENT IN MAY) WHICH CONTINUES TO
PLAGUE THE FRG. END SUMMARY.

1. ON MAY 25, THE FRG CABINET (SPD/FDP) MET AND

APPROVED A MANPOWER PROGRAM WHICH HAD BEEN PROPOSED BY THE FEDERAL EMPLOYMENT SERVICE. ITS OBJECTIVE IS TO PLACE HARD-TO-EMPLOY PERSONS SUCH AS OLDER WHITE COLLAR WORKERS AND WOMEN IN AVAILABLE JOBS AND TO CREATE 20,000 NEW PART-TIME JOBS (ESPECIALLY FOR WOMEN) IN HOSPITALS, NURSING HOMES, AND SIMILAR INSTITUTIONS. A TOTAL OF DM 600 MILLION WILL BE ALLOCATED TO THE PROGRAM IN 1977 AND 1978. DM 100 MILLION OF THIS WILL COME FROM FUNDS REMAINING UNUSED AT THE TIME THE NOVEMBER 1976 MANPOWER PROGRAM EXPIRED IN MAY 1977.

2. OF THE DM 600 MILLION MADE AVAILABLE, DM 12 MILLION WILL BE APPROPRIATED BY THE FEDERAL EMPLOYMENT SERVICE FOR INCREASING ITS STAFF IN THE FIELD OFFICES BY 1,600 TO FACILITATE EXPANDED PLACEMENT ACTIVITIES. THIS WILL MAKE IT POSSIBLE TO SEND EXPERIENCED PLACEMENT OFFICIALS TO THE FIRMS TO ENCOURAGE THE CREATION OF NEW JOBS AND TO ADVISE ON THE RECRUITMENT OF PERSONNEL FOR AVAILABLE JOBS. THE ROUTINE WORK IN THE LOCAL EMPLOYMENT OFFICES WOULD BE DONE BY THE NEWLY HIRED HELPERS TAKEN FROM THE POOL OF UNEMPLOYED WHITE COLLAR WORKERS.

3. THE GOVERNMENT PROGRAM ALSO INCLUDES ADMINISTRATIVE MEASURES DESIGNED TO DISCOURAGE THE UNEMPLOYED FROM ABUSING THE UNEMPLOYMENT COMPENSATION SYSTEM. FOR EXAMPLE, THOSE WHO NOW REFUSE TO ACCEPT A JOB DEFINED AS "TOLERABLE" (INSTEAD OF "SUITABLE") WILL BE REFUSED UNEMPLOYMENT COMPENSATION FOR FOUR WEEKS (I.E., LIMITED OFFICIAL USE

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PAGE 03 BONN 09928 01 OF 02 141225Z

THE TOTAL DURATION OF THE PAYMENT OF UNEMPLOYMENT COMPENSATION FOR SUCH PERSONS WILL BE REDUCED FROM 12 TO 11 MONTHS). ON THE OTHER HAND, THOSE UNEMPLOYED WHO ACCEPT A LOWER PAID TEMPORARY JOB WILL RECEIVE FUTURE UNEMPLOYMENT COMPENSATION CALCULATED, NOT USING THEIR PRESENT EARNINGS, BUT RATHER THEIR PREVIOUS HIGHER EARNINGS AS A BASE. UNEMPLOYED APPRENTICES WILL RECEIVE UNEMPLOYMENT COMPENSATION ON THE BASIS OF THEIR EARNINGS AS APPRENTICES RATHER THAN ON THE BASIS OF A PRESUMED WAGE AS CRAFTSMAN AS IS NOW THE CASE. UNEMPLOYMENT COMPENSATION IN SUCH CASES HAS BEEN TWICE AS HIGH AS THE APPRENTICES' EARNINGS AND DISCOURAGED SUCH UNEMPLOYED YOUTHS FROM ACCEPTING AVAILABLE JOBS IN THEIR FIELDS. REGULATIONS ON THE ANNUAL EQUALIZATION OF INCOME TAX CLAIMS WILL BE AMENDED SO AS TO PREVENT SPECIAL ADVANTAGES FOR THOSE UNEMPLOYED WHO WORKED ONLY DURING PART OF THE YEAR. UNDER PRESENT REGULATIONS, SUCH PERSONS GET A MAJOR PART OF THEIR PAID INCOME TAXES REFUNDED LATER AND THUS HAVE AN ADVANTAGE

OVER THOSE WORKERS WHO WORKED DURING THE ENTIRE YEAR.
VOCATIONAL RETRAINING PROGRAMS PROVIDED BY THE FEDERAL
EMPLOYMENT SERVICE WHICH HAD BEEN TEMPORARILY RE-
STRICTED UNDER REGULATIONS ISSUED IN 1975 WILL ALSO BE
STEPPED UP AGAIN.

4. THE FEDERAL GOVERNMENT IS INVESTIGATING A CATA-
LOGUE OF ADDITIONAL MEASURES, INCLUDING MORE FLEXIBLE

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PAGE 01 BONN 09928 02 OF 02 141225Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 09928

REGULATIONS ON PART-TIME WORK IN THE PUBLIC SERVICES
AND THE INTRODUCTION OF A COMPULSORY YEAR OF "BASIC

VOCATIONAL TRAINING" FOR THOSE SENIOR ELEMENTARY SCHOOL GRADUATES WHO WOULD LEAVE SCHOOL AT THE AGE OF 15 AND CANNOT FIND A JOB.

5. COMMENT: APRIL'S UNEMPLOYMENT FIGURES (SHOWING LIMITED OFFICIAL USE

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PAGE 02 BONN 09928 02 OF 02 141225Z

1,039,000 PEOPLE OUT OF WORK, OR 4.6 PERCENT) WERE EXTREMELY DISAPPOINTING TO MAJOR GROUPS WITHIN THE SPD/FDP AS WELL AS TO TRADE UNIONS AND THE POPULATION AS A WHOLE. (MAY UNEMPLOYMENT FIGURES, 946,500 OR 4.1 PERCENT, WERE EVEN MORE DISAPPOINTING.) THE MANPOWER PROGRAM, ANNOUNCED BY THE CABINET, IS THE SPD/FDP COALITION'S RESPONSE TO DEMANDS FOR ENERGETIC MEASURES TO COMBAT THIS PERSISTENT UNEMPLOYMENT. IN VIEW OF THE COMPARATIVELY LITTLE IMPACT WHICH THE GOVERNMENT'S MANPOWER PROGRAMS HAD ON THE EMPLOYMENT LEVELS SO FAR (REF B), IT REMAINS TO BE SEEN WHETHER THE NEW MEASURES WILL, INDEED, HAVE THE INTENDED EFFECT. BUT EVEN IF THEY DO, ADDITIONAL MEASURES MAY FOLLOW LATER IN THE YEAR.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC RECOVERY, EMPLOYMENT, ECONOMIC PROGRAMS, ECONOMIC DEPRESSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN09928
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770211-1142
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770661/aaaacaxq.tel
Line Count: 196
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7eabc97d-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BONN 8004, 77 BONN 8276, 77 BONN 9060
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2167500
Secure: OPEN
Status: NATIVE
Subject: GOVERNMENT APPROVES NEW MANPOWER PROGRAM
TAGS: ELAB, GE
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/7eabc97d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009